

**Office of Governor Christine Gregoire**  
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**Gov. Gregoire appoints HCA administrator, unveils major effort to contain health-care costs**

Gov. Christine Gregoire today announced a major effort to contain health-care costs and named Steven R. Hill administrator of the Washington State Health Care Authority (HCA).

"We face a crisis in this state, and in this nation, with the rising costs of health care," Gregoire said. "And today, in Washington state, we must do something about it. It calls for a national solution, but we can't wait." Health-care costs are rising at 10 percent a year compared with annual state revenue growth of 4 to 6 percent, leaving less money to pay for education, social services and public safety.

"I want to be very clear," Gregoire said. "I'm not talking about cutting the number of people we serve through state health-care programs. That doesn't work because people who don't have insurance just wind up in emergency rooms at hospitals, which have to bear the cost." And as the number of Washington residents without insurance goes up – 605,000 are uninsured today – so do the premiums of those who purchase coverage because, in effect, the insured pay for indigent care.

Gregoire said she believes cost containment can be achieved by focusing on wasteful, unnecessary and ineffective treatment.

"Washington state spends about \$8 billion a year on health care, which translates to a lot of influence on the health-care market," she said. "And if the state makes smart purchasing decisions, and rewards consumers and providers who are successful in achieving better health outcomes, the result can be quality care, at least cost, statewide."

Gregoire said she believes money can be saved through evidence-based medicine, including:

- Elimination of procedures of questionable value.
- Avoiding new drugs and technologies that offer no clinical improvement over existing ones.
- Basing reimbursement policies on what a service is worth rather than what vendors want to charge.

The governor said she has asked Hill to lead a team that will take a coordinated, statewide approach to corralling health cost. The team will include Mary Selecky, secretary of the Department of Health, Doug Porter of the Department of Social and Health Services' Medical Assistance Administration, and representatives from the private-sector medical community.

“I want them to make specific recommendations that we can implement now, under current law,” Gregoire said. “I want specific items that may call for legislation the next session, and ideas where I can use the Office of the Governor to advocate changes through the health system or the federal government.”

In appointing Hill as HCA administrator, Gregoire said she has asked him to examine several things:

- Making more effective use of information technology so paper-based recordkeeping can be eliminated.
- Providing incentives for consumers so they will be more inclined to compare the prices or quality of clinical services they receive.
- Promoting prevention by taking advantage of opportunities to educate people about how to prevent health problems.
- Improving disease management by early diagnosis and treatment of chronic diseases such as diabetes, asthma and obesity that cost a lot more to treat in more advanced stages.
- Building on the excellent work of the Puget Sound Health Alliance by improving the quality of data on treatments, technologies and outcomes so better and more effective health services can be purchased, measured and tracked.
- Encouraging the federal government to allow innovation in the Medicaid program so the state can make better use of both state Medicaid dollars and federal matching funds.

Hill retired from Weyerhaeuser Co. where, as senior vice president of human resources, he led wellness efforts for thousands of employees and worked to contain the company’s health-care costs. He is a former White House Fellow and served as a staff assistant in the Office of the Secretary at the U.S. Department of Energy. Most recently, he was a consultant with Mercer Human Resources.

Hill helped form, and served as president, of the Health Care Purchasers of Puget Sound, a group representing employers who sponsor health-care insurance. He also has served on the state’s Hospital Rate Setting Commission.